RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL & GAS DOCKET NO. 20-0281793

IN RE: P-5 ORGANIZATION REPORT OF DSB ENERGY, LLC

FINAL ORDER

The Commission finds that after notice and an opportunity for hearing regarding the captioned matter, the Operator failed to request a hearing and pay the hearing fee as required by 16 Tex. ADMIN. CODE §3.15(g)(4) and Tex. Nat. Res. Code §89.022(f). This matter having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

- 1. DSB Energy, LLC [Operator #229365] (the "Operator"), is the record operator or one or more inactive wells in the State of Texas and is required to file Organization Report (Form P-5) with the Commission. Operator's most recent P-5 was due on or before December 1, 2012.
- 2. After filing its most recent Organization Report (Form P-5) with the Commission, the Operator was notified they were deficient and had failed to comply with the requirements of 16 Tex. Admin. Code § 3.15 (Surface Equipment Removal Requirements and Inactive Wells) and provided with a written statement of the reasons for the determination and allowed ninety (90) days from the date its P-5 was due to comply with the requirements of 16 Tex. Admin. Code § 3.15 and Tex. Nat. Res. Code §§89.021 89.030.
- 3. After the expiration of ninety (90) days and pursuant to 16 Tex. ADMIN CODE §3.15(g)(4), an authorized Commission employee determined that the Operator's Organization Report still could not be renewed because the Operator continued to fail to comply with the requirements of 16 Tex. ADMIN. CODE §3.15 (Surface Equipment Removal Requirements and Inactive Wells).
- 4. The Commission sent the Operator a letter by certified mail giving notice to the Operator of the determination of continued non-compliance regarding specified inactive wells, attached as Exhibit A to this order, and advising the Operator of the right to request a hearing to show compliance. The letter notified the Operator that the hearing request must be received in docket services no later than 30 days after the date of the letter. The letter also notified the Operator that a final order denying renewal of the Operator's Organization Report (Form P-5) would result in the cancellation of all P-4 Certificates of Compliance and the severance of all pipeline or other carrier connections.

- 5. All notices and letters from the Commission to the Operator on this matter were addressed and mailed to the Operator's most recently reported address on the Form P-5 Organization Report.
- 6. The Operator did not timely request a hearing and pay the hearing fee on these issues as required under 16 Tex. ADMIN. CODE §3.15(g)(4) (Surface Equipment Removal Requirements and Inactive Wells).
- 7. Statewide Rule 15 (16 Tex. ADMIN. CODE §3.15) is a Commission rule that relates to safety or the prevention or control of pollution.

CONCLUSIONS OF LAW

- 1. The Operator received proper notice and an opportunity for hearing regarding compliance with 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 89.030.
- 2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this matter have been performed or have occurred.
- 3. The Operator is in violation of Commission Statewide Rule 15 and did not timely request a hearing to contest the determination that it was in violation.
- 4. The Operator's P-5 Organization Report should not be renewed and all of the Operator's P-4 Certificates of Compliance should be cancelled, with all related pipeline or other carrier connections severed. 16 Tex. Admin. Code §3.15 (g)(4) and Tex. Nat. Res. Code §§89.022(f), 91.704 91.706.
- 5. The Operator's P-5 Organization Report cannot be renewed until the operator brings the inactive wells shown on the attached Exhibit A into compliance with the requirements of 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 89.030.
- **IT IS ORDERED** that renewal of DSB Energy, LLC's P-5 Organization Report is hereby **DENIED.**
- **It is further ORDERED** that all P-4 Certificates of Compliance issued to DSB Energy, LLC as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.
- It is further ORDERED that DSB Energy, LLC shall bring the wells on Exhibit A into compliance with Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) and that the Operator's P-5 Organization Report shall not be renewed until the wells on Exhibit A have been brought into compliance as required by this order.

It is further ORDERED that DSB Energy, LLC and each person who held a position of ownership or control in the Operator at the time the Operator's most-recent P-5 Organization Report was filed shall be subject to the terms of Tex. Nat. Res. Code §91.114.

It is further ORDERED by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to Tex. Gov't. Code §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

All requested Findings of Fact and Conclusions of Law which are not expressly adopted herein are **DENIED**. All pending motions and request for relief not previously granted or granted herein are **DENIED**.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Rule 15 Inactive Well Master Order dated June 13, 2013.)

AF	I Number	District	ID Number	Lease Name		Well 1	Number
09	Sarrace 6	09 ity must be equipment mu ved W-3X on	disconnecte	M. BAYER d (certify on Fo ed (certify on F	orm W-3C) orm W-3C)		22
09	No approv	ved W-3X on	disconnected st be purged file	CAMPBELL, W. H. d (certify on Fod (certify on Fod)	rm W-3C) rm W-3C)		20
09	7 20223 Electrici	09 ty must be	01966	CAMPBELL, W. H.	rm [il. 2.C.)		23
	rroductro	on fluids mu red W-3X on	st be burged	d (certify on Fo:	rm W-3C)		
091	Darrace e	09 ty must be quipment mu red W-3X on	disconnected	M. BAYER d (certify on For ed (certify on Fo	rm W-3C) orm W-3C)		4
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097	No approve	ed W-3X on	disconnected st be remove File	ROHMER, ALOIS (certify on For d (certify on Fo 15 delinquency p	orm W-3C)		4
097	31303				revencing 1482	approval	
097	Electricit Surface ed	09 ty must be o quipment mus ed W-3X on f	disconnected	M. BAYER (certify on For d (certify on Fo	rm W-3C) prm W-3C)	1	1
097	Darrace ec	09 Ty must be of Quipment must ed W-3X on f	I De remove	M. BAYER (certify on For d (certify on Fo	m W-3C) rm W-3C)	2	9
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Exhibit A

A	PI Number	District	ID Number	Lease Name		Wall	Number
0		09 ity must be equipment m ved W-3X on		-3 /	on Form W-3C) on Form W-3C)		31
09		09 ty must be equipment m red W-3X on	disconnecte	M. BAYER ed (certify o red (certify	on Form W-3C) on Form W-3C)		7
09	No approv	ed W-3Y on	erio	ed (certify	on Form W-3C) on Form W-3C)	g 14B2 approva	9
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09		09 Ty must be Quipment mu ed W-3X on	disconnected	M. BAYER d (certify or ed (certify o	n Form W-3C) on Form W-3C)	3	L6
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097	33090 Electricit Surface eq No approve	09 y must be o uipment mus d W-3X on f	lisconnected	KOESLER, MAR (certify on d (certify o		2	4
097	33857 Electricity Production No approved	09 y must be d fluids mus d W-3X on f	1sconnected	KOESLER, MAR (certify on (certify on		2	5
097	No approved	1 W-34 on f	1sconnected t be purged	CAMPBELL, W. (certify on (certify on	Form W-3C) Form W-3C)	1: 14B2 approval	3
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API	Number	District	ID Number	Lease Name		Well	Number
097	FIOURCLIC	09 ity must be on fluids mu ved W-3X on	ist de burged	CAMPBELL, William (Cantify of Cartify of Car	V. H. on Form W-3C) on Form W-3C)		16 *
097	Surrace e	09 ity must be equipment mu ved W-3X on	ist be remove	CAMPBELL, Well (certify conditions)	I. H. on Form W-3C) on Form W-3C)		18
097	rroductic	09 ity must be on fluids mu ved W-3X on	disconnected st be purged	CAMPBELL, William (certify continuous)	H. on Form W-3C) on Form W-3C)		19
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097	80189 Electrici Productio	09 ty must be	01966 disconnected st be purged	CAMPBELL, W	. H.		32
097	Darrace C	09 ty must be quipment mused W-3X on	disconnected st be removed	STORMER, E. (certify of details)	TB- n Form W-3C) on Form W-3C)		1
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	ourrace eg	09 Ty must be d Tuipment mused W-3X on f	isconnected t be removed	. BAYER (certify on (certify o	Form W-3C) n Form W-3C)	2	7
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	97 82717 09 30695 M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	ll Number 1
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09	97 84105 09 15814 ROHMER, ALOIS Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	1A
09	97 84106 09 15814 ROHMER, ALOIS Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approventing 1	2
09	27 84107 09 15814 ROHMER, ALOIS Production fluids must be purged (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approv	3
09	7 84460 09 30695 M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	al 19
097	7 84462 09 30695 M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	21
337	7 31221 09 19886 EDMONDSON ESTATE Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	1
337	7 31279 09 19886 EDMONDSON ESTATE Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	2
	31326 09 19826 EDMONDSON -A- Electricity must be disconnected (certify on Form W-3C) No approved W-3X on file	1
337	31454 09 19886 EDMONDSON ESTATE Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	4

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33		31677 Electrici Productio No approv		gis	be nurged	EDMONDSON ESTATE (certify on Form W-3C) (certify on Form W-3C)		6
33		32056 Electrici Surface ec No approve	09 ty must be quipment mu ed W-3X on	ais st	connected	EDMONDSON -A- (certify on Form W-3C) d (certify on Form W-3C)	:	12

INSUFFICIENT PROGRESS ON 10-YEAR INACTIVE WELLS: For wells shut-in at least 10 years as of September 1, 2010, operators were given five years to address the surface equipment removal requirements. For your Organization Report renewal on DECEMBER 1, 2012, Rule 15(i) requires that you be at you have not met this process. Current W-3C records indicate that have completed the surface cleanup). Your Organization Report renewal cannot be approved until you have met this requirement and have filed the appropriate Commission forms to update our records.